

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

CENTURYTEL PETITION FOR WAIVER OF ) CAUSE NO. 43494  
TELECOMMUNICATIONS CUSTOMER SERVICE )  
RIGHTS AND RESPONSIBILITIES RULES ) APPROVED:

AUG 13 2008

**BY THE COMMISSION:**

Larry S. Landis, Commissioner

Angela Rapp Weber, Administrative Law Judge

On May 1, 2008, CenturyTel of Central Indiana, Inc. and CenturyTel of Odon, Inc. (collectively "CenturyTel") filed a Petition for Waiver ("Petition") with the Indiana Utility Regulatory Commission ("Commission") for a permanent waiver of 170 IAC 7-1.3-10(e). The Verification of Vickie Norris, CenturyTel's Director of Government Relations, was submitted with the Petition. On July 2, 2008, The Office of the Utility Consumer Counselor ("OUCC") submitted to the Commission the prefiled testimony of Ronald L. Keen, a Senior Utility Analyst. On July 18, 2008, the Commission issued a Docket Entry asking that CenturyTel provide answers to two questions prior to the date of the public hearing. CenturyTel submitted answers to those questions on July 23, 2008.

Pursuant to notice of hearing given as provided by law, proof of which was incorporated into the record and placed in the official files of the Commission, a public hearing was held on July 28, 2008 at 1:30 pm in Room 222, National City Center, 101 West Washington Street, Indianapolis, Indiana. Petitioner and the OUCC appeared and participated in the hearing. No members of the public were in attendance at the hearing.

Based upon applicable law and the evidence of record herein, and being duly advised in the premises, the Commission now finds as follows:

1. **Notice and Jurisdiction.** The Commission published due, legal and timely notice of all public hearings conducted in this Cause. CenturyTel is a "public utility" within the meaning of Ind. Code § 8-1-2-1, *et seq.*, and a local exchange carrier ("LEC") as that term is used in 170 IAC 7-1.3. Accordingly, the Commission has jurisdiction over CenturyTel and the subject matter of this Cause.

2. **Background.** The Commission's telecommunications customer service rights and responsibilities rules, 170 IAC 7-1.3-1 through 170 IAC 7-1.3-1-12, went into effect on February 3, 2003. Under 170 IAC 7-1.3-1(e)(5), LECs may petition the Commission for permanent or temporary waiver of those rules. The partial payment rule in 170 IAC 7-1.3-10(e) states as follows:

If a customer makes a partial payment of a bill, the LEC shall first apply that payment to any deniable charges. A partial payment may only be applied to nondeniable charges when all deniable charges have been paid in full.

3. **Discussion.** The partial payment rule in 170 I.A.C. 7-1.3-10(e) was promulgated by this Commission to ensure that customer payments would be applied by LECs in a manner that would not result in unnecessary disconnection of local service. CenturyTel requested that the Commission grant a permanent waiver of this rule to allow it to apply partial payments to past due accounts in a manner consistent with the Commission's July 2, 2003 Order in Cause No. 42370, granting a similar waiver to Indiana Bell Telephone Company, Incorporated d/b/a SBC Indiana ("SBC"). The Commission granted a similar waiver to Camden Telephone Company, Inc., Communications Corporation of Indiana; Communications Corporation of Southern Indiana; Home Telephone Company, Inc.; Home Telephone Company of Pittsboro; Merchants & Farmers Telephone Company; S & W Telephone Company, Inc.; Tipton Telephone Company, Inc.; Tri-County Telephone Company, Inc.; Monon Telephone Company, Inc.; Pulaski-White Rural Telephone Cooperative, Inc.; and United Telephone Company of Indiana, Inc., d/b/a Embarq<sup>1</sup>, in an Order dated April 21, 2004 in Cause No. 42543.

In its July 23, 2008 response to the Commission's Docket Entry, CenturyTel explained that all past-due accounts would be handled in the same manner regardless of whether the services are bundled or unbundled. A partial payment would be applied to past due deniable service (i.e., basic local service) and then to all other past due charges before it is applied to current deniable service. CenturyTel also specified the order in which payments would be applied:

1. past due deniable service (i.e. basic local service)
2. past due non-deniable, non-regulated (i.e. all other services)
3. current deniable (i.e. basic local service)
4. current non-deniable, non-regulated (i.e. all other services)

In its Petition, CenturyTel stated that when customers pay an amount equal to a past due amount, their services may still be disconnected. The partial payment is applied first to past due deniable charges and then to current deniable charges. If any portion of the payment remains, it is then applied to past due non-deniable services. If the entire remittance is used to pay the past due and current deniable charges, then no payment is allocated to past due non-deniable services. Consequently, non-deniable services may be disconnected even though a customer intended to pay the entire past due amount to maintain all services.

According to CenturyTel's Petition, customers are often confused when past due services are disconnected and a late payment charge is incurred, because they thought the partial payment had been applied to the entire past due balance. If CenturyTel's waiver request is granted, a partial payment equal to the total amount of past-due charges would be applied to the total past-due balance on the customer's account, covering all past-due charges for both deniable and non-deniable telecommunications services. When partial payments are applied in that order, the end result is more likely to meet customer expectations and more likely to prevent involuntary service disconnections. Ronald L. Keen testified for the OUCC and recommended that the Commission grant CenturyTel's waiver request.

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<sup>1</sup> The incumbent LEC currently doing business in Indiana as "Embarq" was formerly known as "Sprint Communications Company, L.P., and United Telephone Company of Indiana, Inc., d/b/a Sprint."

4. **Commission Finding.** The Commission finds that the public interest would be served by granting CenturyTel's partial waiver request. The Commission adopted 170 I.A.C. 7-1.3-10(e) to ensure that when a partial payment is applied to a customer's account, it is done in a manner that maximizes the likelihood that the customer will maintain basic local service without unnecessary disruption. CenturyTel has proposed a reasonable modification consistent with the rationale underlying the Commission's partial payment rule. CenturyTel's proposed modifications described in Finding Paragraph 3 will ensure that basic local service will not be disrupted.

Additionally, the requested waiver will address how the application of a partial payment can satisfy the goal of maintaining basic local service first, while also attempting to maintain toll and other telecommunications services. The evidence of record makes it clear that with the modifications proposed under CenturyTel's permanent waiver request, it is possible to achieve the goal of preserving local service maximizing the possibility of uninterrupted toll and other telecommunications services. We find that CenturyTel's proposal will also prevent its customers from unnecessarily remaining in delinquent status and facing additional late payment charges under 170 I.A.C. 7-1.3-6(c), or being unnecessarily treated as a credit risk for purposes of determining whether a cash deposit is required under 170 I.A.C. 7-1.3-3.

We also note that we have approved similar requests for permanent waivers of Indiana's partial payment rule in Cause Nos. 42370, 42543 and 43322. Accordingly, we find and conclude that CenturyTel's request for a permanent waiver of 170 I.A.C. 7-1.3-10(e) should be approved, consistent with the above findings.

**IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:**

1. CenturyTel's request for a permanent waiver of 170 IAC 7-1.3-10(e) shall be, and is hereby granted.
2. This Order shall be effective on and after the date of its approval.

**HARDY, LANDIS, AND ZIEGNER CONCUR; GOLC AND SERVER ABSENT:**

**APPROVED: AUG 13 2008**

**I hereby certify that the above is a true and correct copy of the Order as approved.**



**Brenda A. Howe**  
**Secretary to the Commission**